



Newsletter

On Taxation, Accounting and Business

April 2026

UPDATING ON TAX LAW

- Circular No. 20/2026/TT-BTC dated March 12, 2026, providing guidance on the Law on Corporate Income Tax and Decree No. 320/2025/ND-CP, effective from March 12, 2026
- [Draft Decree guiding the 2026 Law on Personal Income Tax](#)
- Official Letter No. 3962/TNI-QLDN1 dated April 16, 2026, providing guidance on Personal Income Tax (PIT)
- [Official Letter No. 2194/CT-CS dated April 8, 2026, regarding VAT policy and invoices](#)

UPDATING ON TAX LAW

Circular No. 20/2026/TT-BTC dated March 12, 2026, providing guidance on the Law on Corporate Income Tax and Decree No. 320/2025/ND-CP, effective from March 12, 2026

On 12 March 2026, the Ministry of Finance issued Circular No. 20/2026/TT-BTC (hereinafter referred to as "Circular 20"), which provides detailed guidance on certain provisions of the Corporate Income Tax ("CIT") Law and Decree No. 320/2025/ND-CP guiding the implementation of the CIT Law. This issuance of Circular 20 aims to further strengthen the CIT legal framework by enhancing clarity, consistency and certainty in practical implementation.

Circular 20 focuses on standardizing and clarifying documentation requirements, as well as clearly defining the scope and timing for determining taxable revenue, which are expected to have a significant impact on both Vietnamese enterprises and foreign enterprises conducting business or generating income in Vietnam. In addition, the Circular introduces transitional provisions to support enterprises during the initial implementation period.

Circular 20 takes effect from the date of issuance and applies to CIT tax period from 2025 onwards. The notable new points of Circular 20 include:

Documentation for 13 specific expense items eligible for deductible expenses.

Expenses deductible under Points b and c, Clause 1, Article 9 of the Law on Corporate Income Tax must be supported by valid invoices and supporting documents in accordance with regulations, along with the following specific documentation:



- Expenses for carrying out national defense and security duties, national defense and security education, and militia and self-defense force training (Point b1)
 - Decision issued by the enterprise
 - Written confirmation from the competent authority
- Expenses for supporting Party organizations

and socio-political organizations within the enterprise (Point b2)

- Decision on establishment or operating regulations of the organization
- Request for support or plan for use of funds (if any)
- Training and vocational education expenses (Point b3)
 - Labor contract/ collective labor agreement/ financial regulations specifying training expenses (including non-cash payment requirement)
 - Decision approving employee training
 - Training registration documents (copies)
 - Diplomas, certificates/ confirmation of training results/ list of participants
- Expenses for HIV/AIDS prevention and control at the workplace (Point b4):
 - Internal policies/regulations of the enterprise that include this type of expense
- Sponsorship expenses (Point b5): for education, healthcare, and culture; disaster and epidemic relief; construction of solidarity/charity houses for policy beneficiaries; sponsorships as directed by the Government/Prime Minister for disadvantaged areas; and sponsorships for scientific and technological research, innovation, and digital transformation
 - Primarily a sponsorship confirmation record

UPDATING ON TAX LAW

- (signed by both parties; in some cases, confirmation from the fundraising authority or the beneficiary is required)
- In certain cases, a document confirming the beneficiary or compliance with specialized legal regulations is required (Decree No. 320/2025/ND-CP)
- Use Form No. 01/TNDN
- Expenses for scientific research, technology development, innovation, and digital transformation (Point b6)
 - Implemented in accordance with laws on science and technology, digital transformation, and Decree No. 320/2025/ND-CP
 - Losses due to natural disasters, epidemics, or force majeure events that are not compensated (Point b7)
 - Minutes of inventory of damaged/lost assets or goods (specifying value, causes, responsibilities, and recoverable amounts)
 - Inventory movement statement (in-out balance) of the damaged/lost goods
 - Insurance claim dossier (if any)
 - Compensation liability dossier (if any)
- Expenses for secondees participating in the management of specially controlled credit institutions (Point b8)
 - Secondment decision
 - Written approval/acceptance from the receiving organization
 - Contract/agreement (if any)
- Certain expenses incurred for production and business activities but not yet matched with revenue (Point b9), including various specific cases such as:
 - Unsuccessful bidding expenses (invitation to bid, bid documents, bidding results, etc.)
 - Expenses for market research/new product research that are unsuccessful (research reports)
 - Expenses for land or infrastructure lease not yet put into operation (investment decision, lease agreement, etc.)
 - Depreciation expenses for leased assets without tenants
 - Expenses for establishment of enterprises/branches, restoration after suspension, or reinstatement upon dissolution
 - Marketing/product introduction expenses prior to sales
 - Expenses for destruction of damaged/obsolete/expired inventories (disposal decision, inventory minutes, disposal committee, etc.)
 - Expenses for disposal of scrap materials/defective products
- Expenses for supporting the construction of public works serving production and business activities (Point b10):
 - Written approval of policy/project approval
 - Investment decision or contract with the competent authority
 - Expenses for greenhouse gas emission reduction, carbon neutrality, net zero, and pollution reduction (Point b11):
 - Implementation decision
 - Relevant project/program dossiers
- Contributions to funds as decided by the Prime Minister/Government (Point b12):
 - Decision on establishment of the fund
 - Contribution confirmation record (if any)
- Certain other expenses (Point c, Clause 1, Article 9):
 - Purchases of agricultural, forestry, fishery products; handicrafts; scrap materials; or goods from individuals/household businesses below the VAT threshold: Payment vouchers + purchase list (Form No. 02/CIT)
 - Employee purchases on behalf of the company ≥ VND 5 million: Invoice + authorization policy + non-cash payment proof by the employee and reimbursement by the company

UPDATING ON TAX LAW

- Purchases $\geq$ VND 5 million not yet paid: Contract and delivery minutes must be available; payment must subsequently be made via non-cash method
- Lease of assets from individuals: Lease agreement + payment vouchers (tax paid on behalf may be included if agreed)



General notes:

- All expenses must be supported by valid invoices and documents (originals, certified copies, enterprise-stamped copies, or electronic documents).
- Enterprises must retain complete documentation for inspection and audit purposes (especially expenses related to national defense and security, which must comply with state confidentiality requirements).

Timing of revenue recognition for CIT purposes

The timing for determining revenue for corporate income tax purposes in certain specific cases is detailed in Point c, Clause 2, Article 8 and Clause 3, Article 12 of Decree No. 320/2025/ND-CP as follows:

- For Vietnamese enterprises:
 - Exported goods: The date of transfer of ownership in accordance with the contract; if undeterminable, it shall follow customs regulations.
 - Air transportation: The time when the provision of transportation services to the customer is completed.
 - Construction and installation (including shipbuilding): The time of acceptance of the work/item/work volume (regardless of whether payment has been received).
 - Supply of electricity and water: The date of meter reading confirmation as indicated on the electricity/water invoice.
- For foreign enterprises:
 - Capital transfer: The effective date of the initial capital transfer agreement.
 - Transfer of securities and certificates of deposit: The time the transfer is executed.
 - Transfer of derivative securities (futures contracts): The time the buy/sell order is matched on the Stock Exchange trading system or the contract maturity date.

Expansion and clarification of tax obligations for foreign enterprises

Circular 20 expands and clarifies the CIT obligations of foreign enterprises, particularly for certain business activities that were not previously guided, including:

General notes:

- *E-commerce and digital platform activities:* Foreign enterprises conducting ecommerce transactions or providing services via digital platforms in Vietnam are subject to CIT under Circular 20, regardless of whether they have a permanent establishment in Vietnam.
- *Intragroup restructuring transactions:* Circular 20 introduces a CIT exemption for internal group restructuring transactions, provided that such transactions do not result in a change of the ultimate parent company and do not generate income, subject to specific conditions prescribed by the regulations.
- *CIT calculation method:* CIT payable by foreign enterprises is determined based on taxable revenue multiply ($\times$) by applicable tax rate.

Notably, Circular 20 abolishes Point a, Clause 1, Article 13 of Circular 103/2014/TT-BTC, which previously provided guidance on determining CIT taxable revenue for foreign contractors. The absence of provisions allowing exclusion of Value Added Tax (VAT) from CIT taxable revenue. Unless otherwise instructed by the tax authority, taxable revenue for foreign enterprises is generally

UPDATING ON TAX LAW

deemed to be the total revenue generated in Vietnam.

Draft Decree guiding new Personal Income Tax ("PIT") Law

On 27 March 2026, the Ministry of Finance released the Draft Decree guiding certain provisions of the 2025 PIT Law for public consultation.

The Draft Decree seeks to clarify tax incentive policies for individuals working in priority sectors and adjust levels of support, deductions, and allowances in line with the economic conditions.



The key contents of the Draft are summarised as follows:

PIT exemption for salaries and wages of personnel

in priority sectors

The Draft Decree proposes a PIT exemption for salaries and wages earned by the following individuals:

- Individuals performing tasks in the field of science, technology, and innovation.
- High-quality digital technology industry personnel, as well as individuals earning income from activities related to high-tech research, development, and strategic technologies, with preferential treatment for applicable for a period of up to 5 years.

Increase in the cap on mid shift meal and lunch allowances

The Draft Decree proposes an increase in the cap on tax-exempt mid-shift and lunch meal allowances, as follows:

- Increasing the cap on cash meal allowances from VND730,000/person/month to VND 1.2 million/person/month.
- Where the employer organizes meals for employees (e.g., through in-house cooking, purchasing meal portions, or providing meal vouchers), these expenses will not be included in employee's taxable income.

PIT exemption for severance and redundancy payments (including amounts exceeding statutory limits)

Under the Draft Decree, where employers have internal policies or employment contracts

specifying severance or job-loss allowances exceeding statutory limits, the excess amount will remain exempt from PIT.

Additional deductible expenses for medical and education costs

The Draft Decree introduces deductible expenses for medical and education costs incurred by taxpayers and their dependents, subject to the availability of valid invoices and supporting documents. Two options are under consideration:

- Option 1:
 - Medical expenses: up to VND20 million/year
 - Education and training expenses: up to VND21 million/year
- Option 2:
 - Medical expenses: up to VND23 million/year
 - Education and training expenses: up to VND24 million/year

Increase in the cap on supplementary pension insurance and life insurance contributions

The Draft Decree proposes increasing the maximum deductible amount for supplementary pension insurance and life insurance contributions from VND1 million to VND3 million/person/month when determining taxable PIT income.

Increase in the threshold for applying 10% PIT withholding on irregular income

To reduce tax burdens and simplify administrative

UPDATING ON TAX LAW

procedures, the Draft Decree proposes the following changes:

- Increasing the threshold for applying 10% PIT withholding from VND2 million/occurrence to VND5 million/occurrence for income from salaries, wages, and remuneration paid to resident individuals without labor contracts or with contracts of less than 3 months.
- Increasing the annual income threshold for exemption from PIT finalization (where income has already been subject to 10% withholding) from VND10 million/year to VND15 million/year.

Official Letter No. 3962/TNI-QLDN1 dated April 16, 2026, providing guidance on Personal Income Tax (PIT).

On April 16, 2026, the Tax Department of Tay Ninh Province issued an official dispatch providing guidance on personal income tax. Accordingly, income from night shifts, overtime pay, and wages or salaries paid for unused leave days as prescribed by law, arising during the 2026 personal income tax period (from January 1, 2026 to December 31, 2026), are considered tax-exempt income under Article 4 of the 2025 Law on Personal Income Tax.

Official Letter No. 2194/CT-CS dated

April 8, 2026, on VAT policy and invoices.

On April 8, 2026, the Tax Department issued Official Letter No. 2194/CT-CS providing guidance on VAT and invoice policies. When issuing adjusted goods between independently accounting units for sale, business organizations must use electronic VAT invoices as the basis for payment and for VAT declaration and payment at each unit and at each independent stage. The VAT rate shall be determined based on the VAT rate applicable to the transferred goods.



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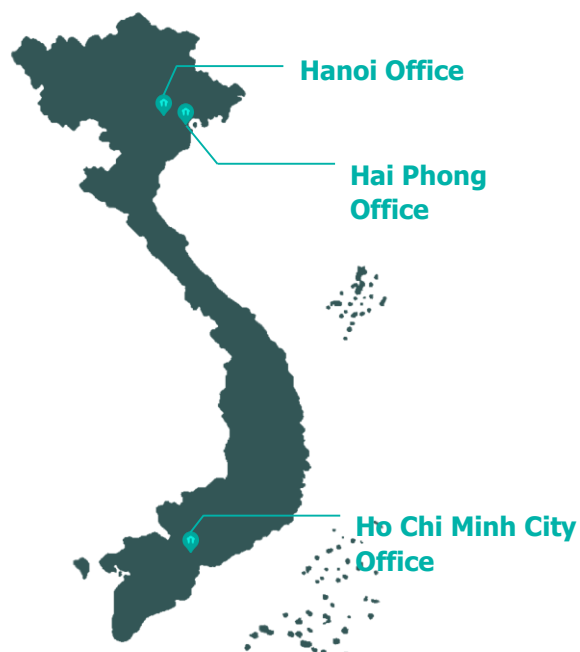
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